

ECONOMIC FUSION OF AMERICAN AND BRITISH ZONES OF OCCUPATION IN GERMANY

*Exchange of notes at Washington March 31, 1949, extending agreement
of December 2, 1946, as amended and extended*

Entered into force March 31, 1949

Expired June 30, 1949

63 Stat. 2630; Treaties and Other
International Acts Series 1959

The Secretary of State to the British Ambassador

DEPARTMENT OF STATE
WASHINGTON
March 31, 1949

EXCELLENCY:

I have the honor to refer to the discussions which have taken place between the Government of the United Kingdom and the Government of the United States on the subject of the extension of the Agreement between the two Governments concerning the British and American Zones of Occupation in Germany.

The Government of the United States has had under consideration the obligation assumed by the Government of the United States and the Government of the United Kingdom under paragraph (A) of the exchange of notes between the two Governments of December 31, 1948,¹ to consult together before March 1, 1949 to consider the terms and conditions of a new Agreement for a further period.

At the time of this exchange of notes, it was hoped that prior to the expiration of the period for which the Agreement was extended the new arrangements relating to Germany arising out of the six-power talks held in London last spring would have matured and that it would be possible to negotiate a new agreement to include France. Since these arrangements have not yet matured, the Government of the United States believes that under the circumstances the most practical arrangement is an extension for a three month's period of the present Agreement, as amended by the change outlined below, with the understanding that it can be sooner terminated by mu-

¹ TIAS 1883, *ante*, p. 925.

tual agreement or by the conclusion of a Trizonal Fusion Agreement. The change suggested is that the provisions of the Fusion Agreement relating to trade and payments between the Bizonal Area and the Sterling Area shall continue in force only until a payments agreement between the United Kingdom and the Bizonal Area is concluded and in effect.

I therefore have the honor to submit the following proposals for the consideration of the Government of the United Kingdom:

(A) The Fusion Agreement of December 2, 1946,² as amended on December 17, 1947,³ and as further amended by the exchange of notes of December 31, 1948, shall, unless sooner terminated by mutual agreement or by the conclusion of a Trizonal Fusion Agreement, be extended to June 30, 1949, except that the provisions of paragraph 3 of the Agreement signed in Washington on December 17, 1947, shall terminate upon the effective date of a payments agreement to be concluded between the Government of the United Kingdom and the Bizonal Area. The two Governments shall consult together before June 1, 1949 to consider the terms and conditions of a new agreement for a further period if prior to that time a Trizonal Fusion Agreement has not been concluded.

(B) During the period for which the existing Fusion Agreement is extended, the Government of the United Kingdom will continue their contribution of supplies and services to Germany at the existing basic rate of 17-1/2 million pounds per annum (approximately the equivalent of 70 million dollars).

(C) Separate discussions will take place as to the nature of goods and services to be provided by the Government of the United Kingdom for the second quarter of 1949, if as a result of seasonal or other factors it proves impossible or difficult to furnish supplies and services which, when added to the supplies and services furnished for the first quarter of 1949, amount to precisely one-half of the quantities of the goods and services specified in the Annex to the Agreement of December 17, 1947, amending the Fusion Agreement.

Should these proposals commend themselves to the Government of the United Kingdom, I have the honor to suggest that this note and your reply should constitute an Agreement between our two Governments.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

ROBERT MURPHY

His Excellency

The Right Honorable

Sir OLIVER SHEWELL FRANKS,
British Ambassador.

² TIAS 1575, *ante*, p. 800.

³ TIAS 1689, *ante*, p. 833.

The British Ambassador to the Secretary of State

BRITISH EMBASSY,
WASHINGTON, D.C.

March 31st, 1949

Ref. 39/27/49
No. 165

SIR,

I have the honour to acknowledge the receipt of your note of today's date, the terms of which are as follows:

[For text of U.S. note, see above.]

In reply, I have the honour to inform you that His Majesty's Government in the United Kingdom accept the proposals set forth in your note and, in accordance with the suggestion contained therein, your note and this reply shall be regarded as constituting an Agreement between our two Governments in this matter.

I avail myself of this opportunity to renew to you the assurance of my highest consideration,

OLIVER FRANKS

The Honourable

DEAN ACHESON,

Secretary of State,

United States Department of State,

Washington, D.C.